

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS (1/21):
BUTTER: Grade AA closed at \$0.8875. The weekly average for Grade AA is \$0.9163 (-.0204).

CHEESE: Barrels closed at \$1.0925 and blocks at \$1.1100. The weekly average for barrels is \$1.1000 (-.0025) and blocks, \$1.1138 (-.0012).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone remains mixed, generally weak. Many producers and handlers were puzzled by the recent CME cash price firmness, but now feel that lower prices will continue. Cream supplies and offerings remain heavy in most regions of the country with churns running at or near capacity levels. Stocks of butter are reported to be readily available for current buyer needs. For the most part, orders are being placed for short term or immediate needs.

CHEESE: The cheese market is unsettled to weak. Current orders are mixed, both higher and lower. Orders for Super Bowl activities have been delivered. Offerings of most common varieties are at least adequate for needs. Cheese production remains seasonally heavy, reflecting milk supplies.

FLUID MILK: Milk production is seasonally heavy throughout the country. Most areas of the country are showing seasonal increases in receipts. Overall, Class I sales are about steady though winter storm related increases were noted in some markets. Manufacturing schedules remain seasonally active in order to clear available supplies.

DRY PRODUCTS: Overall market conditions for most powders are unchanged. Production is seasonally active and stocks remain heavy. Most buyers are making purchases on an as needed basis. The lactose market is steady to firm. Spot interest is best for feed use from both domestic and exports buyers. Export interest in WPC is also helping to balance supplies. Some international buyers are replacing NDM with WPC because of its better protein value.

CCC: Net purchases for the week of January 17 - 21, totaled 3,825,161 pounds of nonfortified and 661,120 pounds of fortified NDM from Western and Midwestern sources.

DAIRY PRODUCER PAYMENTS: On January 19, Agriculture Secretary Dan Glickman announced that USDA is providing \$125 million in direct cash payments to assist dairy farmers who have been hurt by low prices. An additional \$200 million in aid was distributed last summer. Eligible dairy farmers who did not participate in the program last summer must sign up at their local Farm Service Agency offices or USDA Service Centers from January 24 to February 28, 2000. Farmers who participated in last summer's program will automatically receive payments and do not need to reapply for assistance. The dollar amount of payments will be calculated after sign-up is complete.

OCTOBER MAILBOX MILK PRICES (AMS): In October 1999, mailbox milk prices reported for selected Federal milk orders averaged \$14.70 per cwt., \$.69 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.20, down \$.06; Southeast, \$17.12, up \$1.01; Midwest, \$14.30, down \$1.28 and West, \$13.92 down \$.85. Compared to October 1998, mailbox milk prices decreased \$2.49 per cwt. on the average. Regional changes from the previous year were: -\$1.68 in the Northeast, -\$0.55 in the Southeast, -\$3.21 in the Midwest, and -\$2.68 in the West.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the new federal milk order reform pricing system, the base price for Class I milk for February 2000 is \$10.71. This price is derived from the advanced Class IV skim milk pricing factor of \$7.72 and the advanced butterfat pricing factor of \$0.9302 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for February is \$8.42 and the Class II nonfat solids price is \$0.9356 per pound. The two-week product price averages for January are: butter \$0.8768, nonfat dry milk \$1.0114, cheese \$1.1696, and dry whey \$0.1859.

DECEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during December totaled 11.9 billion pounds, up 437 million pounds (3.8%) from production in these same states in December 1998. November revised production, at 11.3 billion pounds, was up 4.5% from November 1998. The November revision represented an increase of 0.1% or 11 million pounds from last month's preliminary production estimate. Production per cow averaged 1,536 pounds for December, 47 pounds (3.2%) above December 1998. The number of cows on farms was 7.76 million head, 52,000 head (0.7%) more than December 1998 and 2,000 head more than November 1999. The quarterly production of milk for the U.S. was 40.4 billion pounds, 3.8% above the October-December period last year. Initial U.S. calendar year 1999 production totals 162.732 billion pounds, up 5.3 billion pounds (3.4%) from 1998.

NOVEMBER FLUID MILK SALES HIGHLIGHTS (AMS): During November, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.4% below the previous year and 0.1% above October 1999 on an adjusted daily average basis. Sales of whole milk products were 0.5% above the previous year; sales of fat-reduced milk products were 0.5% below the previous year. Total fluid milk sales were higher in the Southeast and Southwest, and lower in the Northeast, Midwest, and Far West. Total fluid milk sales for the January-November 1999 period were 0.7% higher than the same period last year.

****SPECIALS THIS ISSUE****

BUTTER, CHEESE, AND CLASS III (BFP) FUTURES (PAGE 7)
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
 DECEMBER MILK PRODUCTION (PAGE 9)

OCTOBER MAILBOX PRICES (PAGE 10)
 USDA ANNOUNCEMENT/COMMERCIAL DISAPPEARANCE (PAGE 11)
 NOVEMBER FLUID SALES HIGHLIGHTS (PAGE 12)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 17	TUESDAY JANUARY 18	WEDNESDAY JANUARY 19	THURSDAY JANUARY 20	FRIDAY JANUARY 21	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	CME	\$1.1025 (N.C.)	\$1.1025 (N.C.)	\$1.1025 (N.C.)	\$1.0925 (-.0100)	-.0100	\$1.1000 (-.0025)
40# BLOCKS	CASH	\$1.1150 (-.0100)	\$1.1150 (N.C.)	\$1.1150 (N.C.)	\$1.1100 (-.0050)	-.0150	\$1.1138 (-.0012)
NONFAT DRY MILK EXTRA GRADE	DAIRY	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	MARKETS	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	CLOSED	—	\$.9450 (-.0200)	—	\$.8875 (-.0575)	-.0775	\$.9163 (-.0204)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 17, 2000 -- NO TRADING

TUESDAY, JANUARY 18, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS 40# BLOCKS: 1 @ \$1.1150, 1 @ \$1.1250, 2 @ \$1.1325
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 19, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1025; 1 CAR 40# BLOCKS @ \$1.1250
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$0.9550, 1 @ \$0.9450; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$0.9200, 1 @ \$0.8500;
 OFFERS UNCOVERED: 10 CARS GRADE AA: 1 @ \$0.9500, 1 @ \$0.9550, 1 @ \$0.9600, 2 @ \$0.9650, 2 @ \$0.9850, 2 @ \$0.9950, 1 @ \$1.0500

THURSDAY, JANUARY 20, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1025; 2 CARS 40# BLOCKS: 1 @ \$1.1250, 1 @ \$1.1325
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 21, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0925; 7 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1125, 1 @ \$1.1150, 1 @ \$1.1175, 1 @ \$1.1200, 1 @ \$1.1225, 1 @ \$1.1250
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$0.9100, 1 @ \$0.9000, 1 @ \$0.8950, 2 @ \$0.8925, 1 @ \$0.8900, 1 @ \$0.8875; BIDS UNFILLED: 1 CAR GRADE AA @ \$0.8000; OFFERS UNCOVERED: 15 CARS GRADE AA: 1 @ \$0.8900, 1 @ \$0.9150, 1 @ \$0.9200, 1 @ \$0.9250, 1 @ \$0.9350, 2 @ \$0.9375, 1 @ \$0.9400, 1 @ \$0.9425, 4 @ \$0.9450, 1 @ \$0.9550, 1 @ \$0.9650

BUTTER MARKETS**NORTHEAST**

The market tone is unsettled. Particularly so since last week's run up in prices at the CME. Many Eastern cream and butter contacts can't really explain these prices to buyers since many buyers/users had been thinking that prices would move lower. By nearly all accounts, these price increases completely contradict current butter production and supply/demand reports. Buyers are unsure how to proceed and seem to be taking only replacement volumes, but some, fearing continued increases, have taken on a little extra. Many contacts feel that it could be difficult, under current market conditions, for prices to hold at these levels. Churning activity is heavy and quite a few loads of excess Eastern cream are moving to the Midwest. Retail and food service orders for prints are steady. Demand for bulk is slow to fair and buyers have no difficulty finding desired volumes.

CENTRAL

The butter market tone remains mixed. Butter producers and handlers question the 9 cent cash price increase last week at the CME. Most indicate that inventories continue to increase as cream offering are readily available to local butter operations, thus butter production is seasonally active. Some producers are looking at the calendar and see that the next strong butter sales period (Easter) is nearly 3 months away. They feel that the current price level is higher than it should be, especially for those producers that will be holding stocks due to light sales activity between now and then. Many producers and handlers are stating that current

market firmness is not supply/demand driven and other factors are impacting the price increase. Overall sales activity has slowed as most orders being placed are for short term needs.

WEST

Cream supplies and offerings remain very heavy with churns running at near capacity levels. Manufacturers do not see much of a possibility of this slowing in the near future. Operations are discussing what they might be able to do during the spring flush. Butter sales and shipments from the West are rated as very good at this time. Manufacturers' stocks are in good balance for current production levels. Sellers are not sure that all the butter is being used, but they believe some is certainly entering warehouses. Retail activity is rated as good with food service slowed down from the very good holiday season.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCK-LOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JANUARY 15	1.1627 4,001,299	1.1418 8,630,682	1.0116 20,974,269	.9033 4,497,015	.1840 9,642,881

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are lower on process and natural cheddar items, unchanged on Swiss. The market tone is weak, but many contacts feel that prices at the CME can't move too much lower. With less down-side price risk, producers seem a little more willing to put cheddar into aging programs and buyers are showing more interest in building some inventory. Production schedules are very active as surplus milk volumes remain heavy in the Northeast. Stocks of most cheese types are adequate to meet current orders. Retail sales are fair, but food service orders are holding up very well. With Super Bowl weekend, the biggest snack-food day of the year, two weeks away, orders are improving.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1300-1.6200
Cheddar Single Daisies	:	1.1100-1.5700
Cheddar 40# Block	:	1.2550-1.4325
Process 5# Loaf	:	1.3225-1.4750
Process 5# Sliced	:	1.3425-1.5800
Muenster	:	1.3125-1.6150
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Some traders are still wondering if cheese may yet be cleared to CCC. The tilt towards butter/powder over cheese has caused some production shifts. Current cash cheddar prices at the CME appear to be moving up and down in a "trading range". Deliveries for upcoming Superbowl needs are being delivered for activities next week. Natural interest is generally stronger than process. New orders are generally lighter than past weeks. Food service promotional activity on process has stimulated additional movement in some markets. Mozzarella interest has improved and most producers are in better balance. Cheese production remains seasonally heavy and offerings are at least adequate for most basic varieties.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2825-1.5100
Brick And/Or Muenster 5#	:	1.4500-1.6750
Cheddar 40# Block	:	1.4600-2.1150
Monterey Jack 10#	:	1.6300-2.1150
Blue 5#	:	1.8100-2.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5300-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 17 - 21, 2000
BARRELS*	:	\$1.0925 - 1.1225 (NOMINAL)
	:	(-\$0.0100) (-.0375)
40# BLOCKS	:	\$1.1150 - 1.1450 (NOMINAL)
	:	(\$0.0350) (-.0600)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process prices declined sharply while Swiss held steady. Most manufacturers were not surprised at this turn of events because of the heavy production across the nation. They rate sales activity as generally good under the present circumstances. Some buyers are looking at reestablishing aging programs with prices near the bottom of the price cycle. Mozzarella demand is excellent with many good features noted. Swiss sales are surprisingly strong for the post holiday period and stocks are declining. Producers are guessing that the timing of the Super Bowl related to the present time will not do much to bolster the market.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2575-1.5175
Cheddar 40# Block	:	1.2350-1.3750
Cheddar 10# Cuts	:	1.4150-1.6350
Monterey Jack 10#	:	1.4250-1.5850
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4200

FOREIGN

Prices are lower on domestic styles, unchanged on imported. The market tone is steady. Some increased orders for table cheeses have been noted as the NFL playoff season also sparks many parties and snack/cheese consumption. Stocks of most types of cheese are adequate to meet most needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4600-2.9550*
Gorgonzola	: 3.2400-5.9400	: 2.0150-2.4900*
Parmesan (Italy)	: TFEWR	: 2.8750-3.3800*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4750-1.7550*
Romano (Cows Milk)	: -0-	: 2.6375-4.8250*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	:
01/17/00	8,746	: 112,347
01/01/00	6,419	: 111,383
CHANGE	2,327	: 964
% CHANGE	36	: 1

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced December 1999 uniform (blend) prices: Federal Order (F.O.) 1 is \$12.15; F.O. 2, \$11.66; F.O. 4, \$12.47; F.O. 36, \$11.93; and Western NY Milk Market Area, \$11.71. During December, milk production in the 20 major states totaled 11.9 billion pounds, up 3.8% from December 1998. The following are the December to December changes for selected states: Kentucky -0.7%, Florida -1.0%, Vermont +0.9%, Texas +1.9%, New York +2.5%, Pennsylvania +3.2%, and Virginia +4.5%. Weather is a major topic of conversation this week. The coldest weather in many years hit much of the Northeast. Temperatures were well below zero in New England and parts of New York. Also, snow fell as far south as the Carolinas. Snow accumulation and icy conditions slowed or delayed farm pick ups and other transportation schedules. Some schools were closed which did impact milk consumption. However, the predictions of the adverse weather did spark a round of "panic buying" of food staples which had bottlers operating on extended schedules. Elsewhere, bottled milk sales were reported as fairly good. Milk production is still increasing in most sections of the region. Milk output in Florida, other Southeastern states, and the Middle Atlantic areas are showing the most noticeable gains. Fluid milk supplies are more than ample for current Class I needs and surplus milk diversions are heavy. Some New England plant's surplus milk receipts were lighter due to the improved pull from bottlers. However, a few Southern manufacturing plants had to step up operations to handle the extra milk. The condensed skim market is little changed. Offerings are ample and demand just fair. Prices are steady. The fluid cream market is mixed. Some contacts report improved sales to some users while others note that they are being offered steady to heavier volumes of excess. Class II cream prices are generally higher following last week's sharp jump in the butter price at the CME. Some improved sales to cream cheese operations have been noted. Ice cream plant operations range from moderate to, instances, heavier. Bottled cream sales have slowed and some producers are looking to clear their excess cream. Quite a few loads are moving to Midwestern churning facilities. Local churning activity is heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.1428-1.2552
DELIVERED EQUIVALENT ATLANTA	-	1.1428-1.2177 M 1.1615-1.1990
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.1802-1.2458

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .9000-.9500

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 14 - 20, 2000	14
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1999	11

DESTINATIONS: MISSOURI 14

Class I demand was about steady with recent weeks following the holidays. Milk supplies are more than adequate and some plants are trying to limit the number of producers they have, expecting milk supplies to be burdensome by spring. Manufacturing milk demand is irregular, slower from some regular customers but stronger from some other plant operators. Spot surplus milk prices are about steady ranging from \$1.00 under class/MCP to about \$1.00 over. There were no loads of Wisconsin milk reported as shipped and pooled under a Southern federal order. Some surplus milk continues to be diverted from states in the mid-section of the region to upper Midwestern manufacturing

plants, mainly on weekends. Cream prices are higher, reflecting higher cash butter prices at the CME last week. Milk intakes continue to increase slowly seasonally through much of the area. Estimated December milk production in selected Midwestern states is: Wisconsin 1.916 billion pounds, down 16 million pounds (0.8%); Minnesota 810 million pounds, up 6 million pounds (0.7%); Michigan 471 million pounds, up 15 million pounds (3.3%), and Iowa 321 million pounds, down 25 million pounds (7.2%). Initial 1999 calendar year US estimated production totals 162.7 billion pounds, up 5.3 billion pounds (3.4%). More seasonal weather and heavy snow in certain areas has blanketed portions of the upper Midwest.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 13 - 19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 33.00- 37.00
REPLACEMENT HEIFER CALVES	\$190.00-315.00	\$180.00-230.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 13 - 19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 42.00	\$ 26.00- 38.75

W E S T

U.S. milk production in the 20 states surveyed totaled 11.9 billion pounds in December, 3.8% higher than December 1998. Production levels were steady or higher in 13 of the 20 states. November 1999 production was revised higher to 3.5% above 1998 levels. Cow numbers in December were 7.760 million head, up 52,000 (+0.7%) from a year ago. Milk per cow was 3.2% higher. December output in the five Western states surveyed compared to 1998 is: Arizona, +4.2%; California, +11.1%; Idaho, +14.6%; New Mexico, +8.6%; and Washington, +3.6%. Preliminary milk production estimates for calendar year 1999 for selected Western states are as follows: Arizona up 9.3%, California up 10.3%, Colorado down 0.3%, Idaho up 11.7%, New Mexico up 8.4%, Oregon up 3.9%, Utah up 6.3%, and Washington up 4.0%. The U.S. estimate for the same period is up 3.4%. Rainfall across the northern and central milk producing areas of California occurred early in the week. The effects on milk cows and production were being assessed, but the early extent was not that great. The rainfall was welcomed in areas that have been experiencing dry conditions for an extended period. Overall, milk production levels in the state remain strong. The trends of addition of cows and increased milk production per cow continue. Feed remains available at generally affordable prices. The drop in milk prices is not expected to deter milk production in the short term. Plant capacities in the state are often taxed. Milk and components are being shipped around the state and to other areas to find processing room. Production in Arizona and New Mexico continue along recent trends. Little has changed to impact milking herds. Feed prices are affordable. The impact of lower milk prices is being felt at the producer level. Cream multiples are steady to higher and overall prices have increased, reflecting higher butter prices at the CME. The extremely high winds (up to 115 mph on the coast and 65 mph inland) on 1/9 didn't disrupt milk production or processing to any great extent. Pick up routes had to be adjusted to accommodate downed power lines and trees, but all milk was picked up eventually. Many farms lost power for various periods of time, but most had generators to cover just such an eventuality. Milk output remains very strong. Feed and hay supplies are contracted so that prices are locked in at very favorable levels. The snow pack in the Cascades is building at a very strong rate. Many areas report up to 140% of normal at this time with depths approaching 200 inches. In the northern Mountain States region, conditions have warmed up again and the low elevation snow has all melted and rain is falling. Feed lots are muddy and some producers are concerned from a herd health point of view. The mud could lead to mastitis and the warm/cold cycle often leads to pneumonia. So far herds are OK. Milk receipts remain heavier than desired and are only expected to get worse as the spring flush approaches.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/20/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a weak market. Product remains available at the lower end of the range on block load shipments. With schools again in session, fluid supplies are less burdensome. However, volumes remain heavy and NDM production is generally at capacity. Inventories are running long. Producers continue to report that product is being prepared for government shipment, yet reports indicate that Central product has not moved to the CCC in recent weeks. Demand is light as buyers prefer to take product on an as need basis. Movement is best on regular commitments. High heat production is steady and clearing well into baking facilities.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0000 - 1.0200 MOSTLY: 1.0100 - 1.0200

DRY BUTTERMILK - CENTRAL

Prices are higher on a steady to weak market. Prices adjusted after heavy volumes cleared the market during trading last week. Trading is mostly at the lower end of the range. Some members of the trade were surprised by last week's price decrease while others thought it was a warranted change given the price spread between Central and Western markets. Lower prices have generated some new interest in buttermilk. However, trading is light as some buyers suspect that prices may go lower. Ice cream production is down and condensed buttermilk supplies are heavy. Buttermilk is not reportedly being used as a substitute for NDM given the lower prices. Off grade product is readily available at substantial discounts. Production is steady and inventories are in balance to heavy.

BUTTERMILK: .6400 - .8000

DRY WHEY - CENTRAL

Prices are generally unchanged on a steady to weak market. Some manufacturers are long on inventory and willing to trade at the lower end of the range. Others are in a good position or sold out at steady or occasionally higher prices. Export demand is good, especially into Mexico. Domestic demand is fair, best into milk replacer facilities as fear of Johnes disease encourages milk replacer consumption. Some buyers are reluctant to trade as buyer stocks are in good balance and prices are anticipated to move lower with heavy milk volumes and cheese output. Production is generally at capacity with good volumes of condensed available for the light demand.

NONHYGROSCOPIC: .1700 - .1900 MOSTLY: .1750 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Milk replacer supplies are reportedly in balance yet traders are reporting lower prices. Delactose production is steady with some producers unable to keep up with demand. Off grade delactose is readily available for the good interest. Roller ground is clearing well into hog feed facilities. Roller ground prices moved lower with declines in the Extra Grade market. Barrow, gilt, and early weaned pig prices are trending higher while the North Central veal market is trending steady to weak.

MILK REPLACER: .1450 - .1750
STANDARD: TFEWR
ROLLER GROUND: .1675 - .1875
DELACTION (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. Spot activity is generally for feed use into domestic and export markets. Current prices are not deterring lactose use in feed formulas. Some feed buyers are willing to pay at the average as off grade or discount product is often difficult to find. Lactose use for food and pharmaceutical purposes is steady. Most movement is on contracts with higher mesh size product clearing the best. Production is generally at capacity with inventories in balance to sold out. Most traders anticipate a strong market throughout the first quarter.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2500 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a steady market. Lack of high protein imports continues to encourage interest in 34% WPC. Inquiries on high protein product are heavy with some producers unable to meet the new demand. Inventories are mixed. Supplies in the Midwest are in balance to tight while Western stocks remain unchanged with extra loads to move. Export trade is improving as importers realize the value of WPC for feed. Importers also continue to substitute NDM with WPC which is a better value per unit of protein. Sales at the higher end of the range are clearing well into nutraceutical export markets. Resellers are holding product in hopes of better prices. Condensed WPC is running tight into feed and process cheese facilities. Off grade product is readily available at substantial discounts for the light to fair demand.

EXTRA GRADE 34% PROTEIN: .4050 - .4800 MOSTLY: .4250 - .4450

NONFAT DRY MILK - WEST

Prices are holding mostly steady to lower on the bottom end of the low/medium heat range. The market undertone remains weak. Building inventories are pressuring producers to either lower asking prices or to offer more powder to the support program. Most producers in the region have NDM for immediate sale. Production levels remain at high levels. Several plants in the region are experiencing dryer problems, which is putting more condensed on the market. This condensed is ending up in others' dryers or being sold to cheese plants, if priced right. NDM demand is generally light as buyers see little potential for price fluctuations. Stocks are heavy and in excess of industry needs. During the week of January 10 - 14, CCC net purchases totaled 11.8 million pounds of nonfortified and fortified NDM from Western and Midwestern sources.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9850 - 1.0200 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Dry buttermilk prices are mixed for the range. The market trend, reflected in the lower mostly range, is weaker. Buying interest continues light. Production is seasonally active, reflecting high churning schedules. Condensed sales are having to be made to move volumes not able to be dried. Stocks are moderate to heavy.

BUTTERMILK: .6000 - .7500 MOSTLY: .6300 - .6500

DRY WHEY - WEST

Most whey prices moved lower in the Western whey market with the market exhibiting a weak undertone. The psychology of the market has changed with both buyers and sellers expecting lower prices because of the heavy production. The problem in the market seems to be coming more from the supply side than the demand side. Buyers continue to take regular volumes of powder, but production is heavier than anticipated. Export sales are occurring at a steady pace. Inventories at the producer level range from in balance to heavier than desired.

NONHYGROSCOPIC: .1700 - .2050 MOSTLY: .1850 - .1950

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
January 14	\$1.0086	13,742,329
January 7	\$1.0084	13,712,382

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the market tone is steady. Production levels are heavy. Most Eastern drying plants are near capacity. Demand for condensed skim remains sluggish which forces more through the dryers. In a few instances where milk receipts were off slightly, more high heat powder is being made for future and contract needs. Spot domestic demand for NDM is seldom better than slow and spot buyers are very price conscious. Producer stocks range from balanced to building. Those plants with DEIP contracts to fill are staying relatively current, but those with only domestic accounts are seeing stocks accumulate faster than desired.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: .9900 - 1.0300 MOSTLY: 1.0000 - 1.0200

HIGH HEAT: 1.0400 - 1.1000 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to lower and the market tone is weak. Production levels are up at more Eastern locations. Those plants with their dryers full processing skim are sending condensed buttermilk to end users as well as out-of-region drying facilities. Locally, dry buttermilk stocks are quite well balanced. However, stocks are ample in other regions. Demand is a little improved, but often stimulated by lower prices. Local producers are meeting stiff price competition from Midwest and Western producers. It is common to find Midwestern buttermilk in the mid 60-cent range, f.o.b.

F.O.B. NORTHEAST: .7600 - .7800

DELVD SOUTHEAST: .7000 - .7900

DRY WHOLE MILK - NATIONAL

Prices are steady to slightly higher. Some producers feel that January's Class IV milk price will be higher than December's and have adjusted their prices accordingly. Production levels are light to moderate and plant stocks closely balanced with needs. Demand is slow to fair for spot interest, steady on contracted volumes. Some new DEIP bids were recently accepted.

F.O.B. PRODUCING PLANT: 1.0700 - 1.2500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH JANUARY 14, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	78,495	MT (173,050,077 LBS)
CHANGE	--	1,190	MT (2,623,474 LBS)
WHOLE MILK POWDER	--	5,223	MT (11,514,625 LBS)
CHANGE	--	760	MT (1,675,496 LBS)
CHEESE	--	1,261	MT (2,780,001 LBS)
CHANGE	--	12	MT (26,455 LBS)
BUTTERFAT	--	2,968	MT (6,543,253 LBS)
CHANGE	--	32	MT (70,547 LBS)

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT. These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Production levels are heavy. Most Eastern cheese plants are operating near capacity levels if they choose to take in the milk to do so. However, reports indicate that one Eastern cheese/whey plant is down for a week or so for maintenance/renovations. Dry whey offerings are more than ample at some plants; fairly well balanced at others. New export interest is slow to develop, but existing contracts are clearing a large portion of current production. Domestic demand is sluggish and instances of price discounting to stimulate interest are more common. Buyers appear to be taking only enough for immediate needs as they see little incentive to buy too far forward.

F.O.B. NORTHEAST: EXTRA GRADE .1675 - .1850

USPH GRADE A .1925 - .2000

DELVD SOUTHEAST: .1950 - .2225

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. A few scattered reports of slightly improved interest were noted, but overall activity is still slow. Spot offerings are more than ample for current needs.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices are unchanged to lower as lower milk prices are being reflected in some private label brands. Also, the heavy volumes of surplus milk during the past several weeks have allowed some manufacturers to replenish inventories. Most operations have stocks back to desired levels after the heavy shipping for the holiday period. Current demand is slightly improved now that buyers have worked down earlier purchases and are again placing some orders.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets are steady to firm with prices unchanged to higher. Offerings are tighter than many domestic buyers anticipated they would be for the first quarter of the year, although needs are being met. For the most part, first quarter deliveries are occurring at higher prices and domestic buyers anticipate prices to remain firm into the second quarter. Sourcing countries continue to report limited volumes of acid and rennet. Stocks from Oceania sources, for the most part, are reported to be fully committed with European stocks light as their new production season is about to begin.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8000 - 1.9800

ACID: 1.8500 - 2.0500

NEW YORK BOARD OF TRADE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	01/05	01/06	01/07	01/10	01/11	01/12	01/13	01/14	01/17	01/18
NYBOT - MILK INDEX -- Dollars per cwt.										
JAN 00	10.28 (70) 1	10.18 (70) 0	10.15 (67) 2	10.10 (67) 0	10.00 (67) 0	10.00 (67) 0	10.00 (67) 0	10.15 (69) 2	NO TRADING	10.15 (69) 0
FEB 00	10.58 (51) 1	10.30 (52) 2	10.25 (52) 0	10.19 (52) 0	10.15 (52) 0	10.15 (52) 0	10.15 (48) 4	10.15 (49) 1		10.20 (49) 1
MAR 00	10.70 (42) 4	10.50 (44) 5	10.50 (44) 0	10.43 (44) 0	10.43 (45) 1	10.43 (45) 0	10.43 (45) 0	10.49 (46) 2		10.47 (46) 0
APR 00	11.00 (41) 1	10.80 (43) 3	10.80 (43) 0	10.65 (44) 1	10.65 (44) 0	10.65 (44) 0	10.65 (44) 0	10.70 (45) 1		10.70 (45) 0
MAY 00	11.20 (33) 2	11.20 (35) 2	11.20 (35) 0	11.15 (36) 1	11.15 (37) 1	11.15 (37) 0	11.15 (37) 0	11.25 (38) 2		11.17 (38) 0
JUN 00	11.70 (31) 1	11.70 (34) 6	11.70 (34) 0	11.63 (35) 1	11.63 (35) 0	11.60 (35) 0	11.60 (35) 0	11.60 (36) 1		11.60 (36) 0
JUL 00	12.65 (27) 0	12.60 (29) 2	12.60 (30) 1	12.55 (30) 0	12.40 (31) 1	12.40 (31) 0	12.40 (31) 0	12.39 (32) 1		12.40 (32) 0
AUG 00	12.85 (16) 0	12.83 (17) 1	12.75 (17) 0	12.75 (17) 0	12.75 (17) 0	12.75 (17) 0	12.75 (17) 0	12.70 (18) 1		12.70 (18) 0
SEP 00	12.90 (22) 0	12.90 (22) 0	12.95 (22) 0	12.88 (22) 0	12.85 (24) 2	12.85 (25) 1	12.85 (25) 0	12.81 (26) 1		12.81 (26) 0

CME - BUTTER -- Cents per pound

FEB 00	98.00 (146) 10	100.00 (146) 0	97.50 (171) 30	97.00 (179) 16	98.50 (181) 6	97.525 (184) 4	99.00 (184) 0	100.00 (183) 1	NO TRADING	100.00 (185) 2
MAR 00	99.525 (150) 5	101.00 (151) 1	99.00 (156) 5	98.00 (158) 2	99.00 (158) 0	100.00 (158) 0	101.00 (158) 0	102.00 (153) 10		100.50 (160) 11
MAY 00	103.95 (96) 13	105.00 (97) 1	102.00 (103) 6	102.00 (103) 0	103.00 (105) 3	102.00 (105) 1	104.00 (105) 0	106.00 (103) 8		104.00 (108) 10
JLY 00	107.75 (193) 20	109.00 (197) 8	106.50 (207) 12	106.00 (221) 16	106.50 (231) 10	106.25 (232) 2	107.025 (232) 0	109.00 (232) 11		108.00 (244) 17
SEP 00	111.50 (190) 22	112.025 (192) 4	111.00 (200) 8	109.50 (211) 15	110.50 (217) 8	110.00 (224) 7	111.025 (224) 0	112.50 (240) 19		112.00 (240) 19
OCT 00	112.50 (65) 4	114.00 (71) 8	112.75 (83) 15	111.00 (90) 8	111.50 (91) 1	111.00 (93) 2	112.025 (93) 0	114.00 (97) 5		113.475 (112) 18

CME - MILK FUTURES -- Dollars per cwt.

JAN 00	10.20 (782) 16	10.05 (785) 41	10.02 (754) 52	10.03 (749) 7	9.98 (738) 20	9.96 (730) 11	10.01 (726) 2	10.13 (726) 5	NO TRADING	10.10 (725) 2
FEB 00	10.50 (668) 6	10.15 (674) 21	10.15 (681) 32	10.06 (673) 22	10.05 (659) 25	10.05 (660) 2	10.10 (660) 0	10.10 (675) 23		10.20 (712) 44
MAR 00	10.65 (607) 6	10.51 (620) 29	10.46 (633) 18	10.45 (636) 15	10.47 (637) 3	10.46 (638) 2	10.50 (638) 4	10.51 (640) 2		10.50 (640) 4
APR 00	11.00 (470) 2	10.90 (479) 17	10.83 (481) 4	10.75 (481) 18	10.71 (481) 0	10.71 (480) 2	10.75 (478) 5	10.81 (479) 5		10.80 (481) 4
MAY 00	11.20 (418) 11	11.20 (433) 18	11.13 (441) 19	11.11 (442) 5	11.17 (442) 0	11.17 (443) 1	11.17 (442) 3	11.25 (445) 7		11.15 (442) 7
JUN 00	11.70 (359) 7	11.70 (363) 16	11.65 (375) 16	11.64 (376) 2	11.64 (337) 1	11.64 (382) 6	11.64 (382) 4	11.64 (386) 8		11.60 (397) 15
JUL 00	12.60 (398) 3	12.45 (433) 51	12.46 (433) 7	12.45 (436) 5	12.40 (444) 10	12.42 (448) 9	12.42 (448) 8	12.43 (448) 10		12.40 (474) 53
AUG 00	12.82 (334) 1	12.80 (354) 22	12.78 (374) 23	12.77 (371) 7	12.75 (376) 5	12.75 (382) 9	12.75 (390) 13	12.75 (391) 2		12.71 (421) 56
SEP 00	12.96 (318) 2	12.90 (325) 11	12.89 (327) 7	12.86 (331) 7	12.86 (335) 4	12.85 (342) 7	12.85 (340) 13	12.85 (341) 4		12.81 (386) 83
OCT 00	12.90 (209) 2	12.86 (218) 20	12.86 (225) 10	12.83 (235) 12	12.82 (245) 10	12.80 (251) 6	12.80 (257) 10	12.81 (259) 2		12.76 (288) 58

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.
 For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 10 - 21, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production in Western Europe is seasonally low, although many producers will be monitoring their marketings as the quota year-end nears. Numerous reports indicate that milk production is running ahead of last year at this time, thus milk volumes will have to be reduced or penalties will be imposed by the end of March. International sales activity out of Europe is reported to be light. Most clearances are for orders placed earlier and now shipments are occurring. Some of the shipments are occurring on time, but many are being delayed. Product availability is the limiting factor. Some traders have committed themselves to product deliveries in the first quarter and now are having difficulty in sourcing needed volumes. Skim milk powder stocks are very limited. Most needs are being filled from intervention stocks with the majority of this powder clearing to the animal feed industry. European cheese stocks are reported to be lower than usual for this time of the year. Recent price firmness on many European dairy products is now stabilizing and, in instances, slightly lower prices are being reported.

BUTTER/BUTTEROIL: European butter markets are steady to weaker with prices unchanged to lower. Butter stocks are reported to be sufficient to maintain ongoing needs. Most sales are occurring for nearby or domestic needs. The PSA storage program will be closing by month's end, thus limited production can still be offered for another week or so.

82% BUTTERFAT:	1,350 - 1,550
99% BUTTERFAT:	1,550 - 1,750

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady at unchanged prices. Stocks of powder are limited, thus no significant new buyer activity is being reported. Powder that is being sold is coming from intervention stocks and entering the animal feed industry. Most international buyers are fully aware of Europe's supply situation, thus they are not even questioning availability. Some European traders are reporting buyer interest is starting to develop for second quarter. At this time, many traders are not making commitments to this buyer interest due to the uncertainty of available stocks and where prices will be.

1.25% BUTTERFAT:	1,450 - 1,500
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Stocks of whole milk powder are limited, thus very minimal, if any, is available for immediate shipment. In many instances, traders are having difficulty in sourcing sufficient stocks to meet previously made commitments.

26% BUTTERFAT:	1,550 - 1,700
----------------	---------------

SWEET WHEY POWDER: Whey markets are steady to weak with prices unchanged to lower. Stocks of whey are reported to be sufficient for current needs. There is buyer interest, but European offering prices are higher than most buyers are willing to pay.

NONHYGROSCOPIC:	525 - 600
-----------------	-----------

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe is seasonally low. Reports indicate that milk output in Eastern Europe, especially Poland, is as much as 10% lower than last year. As in Western Europe, Eastern European stocks are also limited. For the most part, stock availability is sufficient to maintain ongoing domestic needs with minimal available for international needs. Eastern European producers and handlers are awaiting the start of the new milk production season to once again be a potential participant in new international buyer interest.

OCEANIA

OVERVIEW: Milk production in Australia and New Zealand remains strong, although on a seasonal downward cycle. Production patterns in New Zealand were strong at the beginning of the season, declined in November due to dry conditions, and now have rebounded in December and January. Reports indicate that near ideal conditions have prevailed over the past 4 - 6 weeks, extending the positive start to the production season. Overall production is running about 12% ahead of last year at this time. In Australia, the milk production season continues to run strong in comparison to last year. Production growth has slowed, although December is still reported to be about 6% ahead of last year with an overall seasonal growth of 7% for the first six months. Milk volumes remain fully sufficient to maintain active manufacturing schedules. Stocks of manufactured dairy products vary, ranging from in comfortable balance to lighter than desired. The current production season has found renewed buyer interest in Southeast Asia. Oceania traders realized lighter sales into this market over the past two years, thus stocks were more available for other international sales. This year, sales are clearing good volumes and keeping Oceania inventories in close balance. New Zealand traders are also reporting good sales, but also the current production season is providing an opportunity to once again re-establish inventories in comparison to last seasons products. No significant new international buying interest is being reported, although shipments of previously placed orders continue.

BUTTER: Oceania butter markets are generally steady at unchanged prices. Oceania churning schedules are seasonally declining. In New Zealand, butter stocks are reported to be in a comfortable position with inventories in Australia reported as in balance. Reports indicate that Australian milk volumes are being directed toward whole milk powder and cheese production thus limiting butter/powder output. International butter sales continue to occur to regular markets with minimal new buyer interest being reported.

82% BUTTERFAT:	1,200 - 1,250
----------------	---------------

CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. Steady cheese demand is keeping stocks in balance. Most sales continue to center around ongoing/regular customer needs.

39% MAXIMUM MOISTURE:	1,700 - 1,750
-----------------------	---------------

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm with prices generally higher. Stocks are reported to be in close balance and, in instances, lighter than desired. Oceania traders have indicated very good 4th quarter sales. Much of this sales activity has been with buyers in Southeast Asia which have been absent for the past few years. In Australia, skim milk powder is reported to be lighter than desired. Some handlers indicate that milk is being directed toward other dairy products versus butter/powder at this time.

1.25% BUTTERFAT:	1,500 - 1,550
------------------	---------------

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm as prices increase. Production of whole milk powder is seasonally active as available milk volumes are being directed toward whole milk powder production. Stocks of whole milk are reported to be in good balance with ongoing and projected buyer needs.

26% BUTTERFAT:	1,525 - 1,600
----------------	---------------

Exchange rates for selected foreign currencies: January 18, 2000

.4599 Dutch Guilder	.5182 German Mark
.1545 French Franc	.5206 New Zealand Dollar
.1063 Mexican Peso	.6660 Australian Dollar
1.6377 British Pound	.0095 Japanese Yen
.2446 Polish Zloty	1.0136 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1063) = 9.4073$. That is 1 US Dollar equals 9.4073 Mexican Pesos.

Source: "Wall Street Journal"

DECEMBER MILK PRODUCTION

Milk production in the 20 major states during December totaled 11.9 billion pounds, up 3.8 percent from production in these same states in December 1998. November revised production, at 11.3 billion pounds, was up 4.5 percent from November 1998. The November revision represented an increase of 0.1 percent or 11 million pounds from last months preliminary production estimate. Production per cow in the 20 major states averaged 1,536 pounds for December 1999, 47 pounds above December 1998. The number of cows on farms in the 20 major states was 7.76 million head, 52,000 head above December 1998 and 2,000 head above November 1999. The July-September quarterly production of milk for the U.S. was 40.4 billion pounds, up 3.8 percent from the October-December period in 1998. The average number of milk cows in the U.S. during October-December quarter was 9.18 million head, 41,000 head more than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	DECEMBER		OCTOBER-DECEMBER		DECEMBER		OCTOBER-DECEMBER	
	1998	1999	1998	1999	1999	% CHANGE FROM 1998	1999	% CHANGE FROM 1998
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	—	—	27	27	—	—	90	-2.2
AK	—	—	0.8	0.9	—	—	3.03	-13.7
AZ	132	135	132	135	247	4.2	717	6.1
AR	--	--	46	43	—	—	120	-22.1
CA	1,439	1,486	1,436	1,483	2,638	11.1	7,786	10.9
CO	--	--	83	83	—	—	429	1.9
CT	--	--	30	28	—	—	126	-2.3
DE	—	—	11.0	11.0	—	--	46.1	23.6
FL	157	156	158	156	205	-1.0	536	-1.8
GA	--	--	90	88	—	—	344	0.3
HI	--	--	8.8	8.6	--	--	26.9	-8.8
ID	301	331	299	329	573	14.6	1,698	15.3
IL	125	121	126	121	173	-2.8	496	-4.1
IN	137	138	137	137	187	-1.6	541	-1.1
IA	230	215	224	215	321	-7.2	939	-3.4
KS	--	--	83	87	—	—	355	10.9
KY	136	131	136	131	139	-0.7	403	-0.2
LA	--	--	63	61	—	—	165	-6.3
ME	--	--	42	41	—	—	165	-0.6
MD	--	--	86	86	—	—	364	13.8
MA	--	--	25	24	—	—	102	-3.8
MI	299	295	299	295	471	3.3	1,365	1.6
MN	545	540	545	543	810	0.7	2,322	1.4
MS	--	--	41	38	—	—	130	-1.5
MO	165	159	166	160	195	-1.5	562	-1.9
MT	--	--	18	18	—	—	76	4.1
NE	--	--	70	75	--	--	310	16.5
NV	--	--	25	25	—	—	123	7.0
NH	--	--	20	19	--	--	77	-2.5
NJ	--	--	19	18	—	—	69	-1.4
NM	218	236	218	236	406	8.6	1,194	9.2
NY	702	700	702	700	1,008	2.5	2,940	2.1
NC	--	--	73	73	—	—	299	-4.2
ND	--	--	50	48	--	--	168	-2.3
OH	261	259	262	259	370	1.4	1,092	2.8
OK	--	--	92	92	—	—	313	3.0
OR	--	--	88	89	—	—	408	3.6
PA	619	619	620	618	916	3.2	2,689	2.5
RI	--	--	2.0	1.9	—	—	7.3	-6.4
SC	--	--	24	23	—	—	86	-2.3
SD	--	--	102	102	--	--	385	5.2
TN	--	--	101	95	—	—	345	-3.4
TX	340	348	341	347	485	1.9	1,368	1.7
UT	--	--	93	93	—	—	403	5.8
VT	162	161	161	161	232	0.9	668	0.3
VA	122	120	123	121	162	4.5	480	6.9
WA	248	246	247	245	464	3.6	1,368	3.2
WV	--	--	18	18	--	--	69	1.5
WI	1,370	1,364	1,368	1,364	1,916	-0.8	5,640	0.2
WY	--	--	5.9	6.0	—	—	19.8	1.5
22 STATE TOTAL	7,708	7,760	—	--	11,918	3.8	--	--
U.S. ^{4/ 5/}	--	--	9,137	9,178	—	—	40,428	3.8

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Includes states for which individual monthly estimates are not available. ^{5/} Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (1-00), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
OCTOBER 1999, WITH COMPARISONS**

In October 1999, mailbox milk prices reported for selected Federal milk orders averaged \$14.70 per cwt., \$.69 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.20, down \$.06; Southeast, \$17.12, up \$1.01; Midwest, \$14.30, down \$1.28 and West, \$13.92 down \$.85. Compared to October 1998, mailbox milk prices decreased \$2.49 per cwt. on the average. Regional changes from the previous year were: -\$1.68 in the Northeast, -.55 in the Southeast, -\$3.21 in the Midwest, and -\$2.68 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	October 1998	September 1999	October 1999
	<u>Dollars per hundredweight</u>		
New England	16.66	14.96	15.06
New York-New Jersey	16.90	15.55	15.11
Middle Atlantic	17.12	14.97	15.57
Northeast Average <u>3/</u>	16.88	15.26	15.20
Carolina	17.78	15.98	17.17
Southeast	16.98	15.38	16.15
Florida <u>4/</u>	18.99	17.94	19.29
Southeast Average <u>3/</u>	17.67	16.11	17.12
Southern Michigan	16.88	15.21	15.64
Eastern Ohio-Western Pa.	17.33	15.49	15.55
Ohio Valley	17.25	15.33	15.96
Indiana	17.06	15.17	16.29
Chicago Regional <u>5/</u>	17.79	16.59	13.58
S. Illinois-E. Missouri	16.19	15.05	16.35
Louis.-Lex.-Evans.	16.91	15.47	16.93
Upper Midwest <u>5/</u>	17.79	15.99	13.52
Nebraska-Western Iowa	16.84	15.30	13.82
Iowa	17.52	15.90	13.93
Midwest Average <u>3/</u>	17.51	15.58	14.30
Texas	16.83	15.46	15.21
Southwest Plains	16.26	15.03	14.62
Eastern Colorado	16.65	15.17	15.09
S.W. Idaho-E. Oregon	16.43	14.61	11.80
Great Basin	16.04	14.64	14.06
New Mexico-West Texas	15.98	14.70	13.87
Pacific Northwest	16.97	14.13	13.64
West Average <u>3/</u>	16.60	14.77	13.92
All-Market Average <u>3/</u>	17.19	15.39	14.70

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

GLICKMAN ANNOUNCES \$125 MILLION IN AID TO DAIRY FARMERS

WASHINGTON, January 19, 2000--Agriculture Secretary Dan Glickman today announced that USDA is providing \$125 million in direct cash payments to assist dairy farmers who have been hurt by low prices. An additional \$200 million in aid was distributed last summer.

"Dairy farmers are being squeezed by market conditions that don't allow them a fair price for their product," said Glickman. "This assistance is sorely needed to help keep many small- and medium-size dairy producers in business until prices stabilize."

To distribute limited resources equitably among all dairy producers, the Dairy Market Loss Assistance program provides payments based on an operation's milk production in 1997 or 1998, up to the first 26,000 hundredweight of production. All dairy farmers who produced milk during the last quarter of calendar year 1998 are eligible for the program.

Eligible dairy farmers who did not participate in the program last summer must sign up at their local Farm Service Agency offices or USDA Service Centers from January 24 to February 28, 2000. Farmers who participating in last summer's program will automatically receive payments and do not need to reapply for assistance. The dollar amount of payments will be calculated after sign-up is complete.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--AUGUST-OCTOBER AND YEAR-TO-DATE 1998-99 1/

Item	Aug.-Oct. 1998	Percent change 2/	Aug.-Oct. 1999	Percent change 2/	Jan.-Oct. 1998	Percent change 2/	Jan.-Oct. 1999	Percent change 2/
	Million Pounds							
MILK 3/								
Production	38,313	0.5	39,752	3.8	131,465	0.5	135,701	3.2
Marketings	37,970	0.5	39,424	3.8	130,331	0.5	134,618	3.3
Beginning Commercial Stocks	6,565	-10.7	9,432	43.9	4,889	3.9	5,274	7.9
Imports	1,523	111.2	1,384	-9.1	3,799	82.7	3,946	3.9
Total Supply	46,058	0.4	50,240	9.1	139,019	1.9	143,838	3.5
Ending Commercial Stocks	5,433	4.4	6,991	28.7	5,433	4.4	6,991	28.7
Net Removals	43	-85.9	80	86.0	331	-58.7	251	-24.2
Commercial Disappearance	40,582	0.6	43,169	6.4	133,255	2.2	136,596	2.4
SELECTED PRODUCTS 4/								
Butter	271.7	-2.7	305.8	12.6	929.5	1.2	952.5	2.5
American Cheese	841.0	0.2	980.3	16.6	2,784.8	1.9	2,988.9	7.3
Other Cheese	1,140.1	-1.7	1,225.9	7.5	3,628.4	1.2	3,803.6	4.8
Nonfat Dry Milk	221.3	16.1	235.6	6.5	723.4	-5.6	686.9	-5.0
Fluid Milk Products 5/	14,108.6	-0.5	14,064.6	-0.3	45,939.5	-0.5	46,199.3	0.6

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ From year earlier on a daily average basis. 3/ Milk-equivalent, milkfat basis. 4/ Commercial disappearance in product pounds. 5/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

NOVEMBER FLUID MILK SALES HIGHLIGHTS

During November, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.4 percent below the previous year and 0.1 percent above October 1999 on an adjusted daily average basis. Sales of whole milk products were 0.5 percent above the previous year; sales of fat-reduced milk products were 0.5 percent below the previous year. Total fluid milk sales were higher in the Southeastern and Southwest regions, and lower in the Northeast, Midwest, and Far West regions. Total fluid milk sales for the January-November 1999 period were 0.7 percent higher than the same period last year.

SUMMARY OF PACKAGED SALES OF WHOLE MILK PRODUCTS, FAT-REDUCED MILK PRODUCTS, AND TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, NOVEMBER 1999 WITH COMPARISONS 1/

Region 4/	Whole Milk Products 2/				Fat-reduced Milk Products 3/				Total Fluid Products			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Nov	Year to date	Prev. year 5/	Year to date 5/	Nov	Year to date	Prev. year 5/	Year to date 5/	Nov	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	338	3,685	-1.6	-1.0	454	4,962	-1.8	0.1	792	8,647	-1.8	-0.4
Southeastern	344	3,771	1.6	3.3	440	4,817	-0.5	0	783	8,588	0.3	1.5
Midwest	269	2,872	1.7	2.4	923	9,873	-0.4	0.2	1,192	12,745	-0.2	0.7
Southwest	173	1,902	1.9	2.8	209	2,270	-0.8	0.6	382	4,172	0.3	1.6
Far West	335	3,705	-0.4	1.5	686	7,424	0.2	0.5	1,021	11,129	-0.2	0.8
All Areas Combined	1,459	15,935	0.5	1.7	2,712	29,347	-0.5	0.3	4,171	45,282	-0.4	0.7

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 89 percent of total fluid milk sales in the U.S. 2/ Whole milk products include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk products include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 66, report #15. Midwest excludes Nebraska-Western Iowa. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, OCTOBER 1999, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk 2/	1,473	1.3	1.8
Reduced Fat Milk (2%)	1,315	-0.7	1.0
Low Fat Milk (1%) 3/	687	-0.8	1.7
Fat-Free Milk (Skim)	682	-3.8	-2.1
Buttermilk	50	4.7	-1.3
Total Fluid Milk Products 4/	4,223	-0.3	0.9

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Nebraska-Western Iowa market, which is a non-comparable market, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk.

4/ Includes miscellaneous products.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JANUARY 17 - 21, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 01/15/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	4,076,485	251,324	3,825,161	71,363,233	728,875	-0-	-0-
Fortified	661,120	-0-	661,120	5,077,653	-0-	-0-	-0-
TOTAL	4,737,605	251,324	4,486,281	76,440,886	728,875	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 17 - 21, 2000 =	1.0	52.2	COMPARABLE WEEK IN 1999 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1999 =	16.8	889.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.2	8.5
CUMULATIVE JANUARY 1 - 21, 2000 =	5.6	296.2	COMPARABLE CALENDAR YEAR 1999 =	0.1	7.3

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 17 - 21, 2000 (POUNDS)

REGION	BUTTER		CHEESE			NONFAT DRY MILK		
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	240,301**	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	3,584,860**	661,120
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

**1,097,785 pounds of Nonfortified NDM were incorrectly reported last week as Midwestern should have been included the West.

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	-0-	-0-	2,227,858**	-0-	2.9	0.0
WEST	-0-	-0-	-0-	-0-	74,124,844**	728,875	97.0	100.0
EAST	-0-	-0-	-0-	-0-	88,184	-0-	0.1	0.0
TOTAL	-0-	-0-	-0-	-0-	76,440,886	728,875	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/01/00 & Comparable Week 1999 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
	: WEEK : SINCE JAN 1: WEEK : SINCE JAN 1											
2000-Dairy cows HD (000)	0.2	0.8	5.4	4.1	17.8	1.7	0.6	1.3	10.3	2.1	44.3	49.3
1999-Dairy cows HD (000)	0.2	0.9	5.0	3.7	16.4	1.7	2.4	0.4	8.1	2.0	40.9	45.1
2000-All cows HD (000)	0.2	1.1	7.3	11.6	23.7	8.6	14.1	4.6	12.1	6.5	89.9	89.9
1999-All cows HD (000)	0.2	1.0	6.9	10.9	23.3	9.7	16.7	5.6	9.5	6.6	90.6	90.6

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63